

## **Purchasing strategies**

**ISSUE:** Medicare may be able to learn from the purchasing innovations of private sector and other public purchasers. This draft chapter explores the range of strategies used by these purchasers.

**KEY POINTS:** Purchasers are experimenting with a spectrum of strategies that, in general:

- Encourage appropriate volume of services
  - encourage providers to adopt cost-effective practice styles (includes profiling, tiering, selective contracting)
  - encourage beneficiaries to make more cost-effective and responsible decisions about their health
  - avoid paying for unnecessary care;
- Improve productivity in delivery of each unit of care; or
- Adjust pricing to reward greater efficiency

An area of particular interest is the use of imaging services covered by Medicare. A number of private sector strategies are being used to encourage appropriate and safe use of imaging services. These include:

- enforcing safety standards;
- privileging, including certification of providers who can bill for imaging services, and
- applying coding edits to detect improper billing codes or adjust multiple billing for the same claim.

CMS currently employs some of these strategies, but, evaluating whether particular strategies should be incorporated in the Medicare FFS program will require careful consideration of statutory and regulatory barriers, Medicare's administrative capacity, and the potential effects on beneficiaries and the health care delivery system.

**ACTION:** Commissioners should provide feedback on the tone and content of this draft June report chapter.

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